

Scotland's Rural College

The Market for Organic Food in the UK

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parlons graphiques

Cesar Revoredo-Giha and Adelina Gschwandtner

The Market for Organic Food in the UK

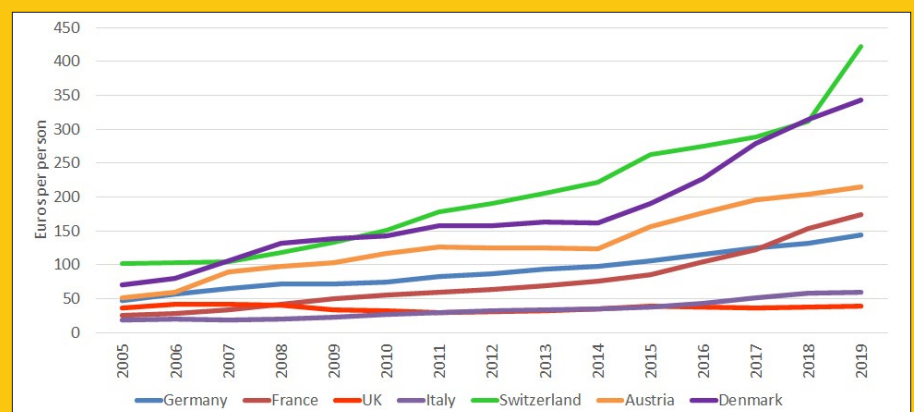
Le marché des produits alimentaires biologiques au Royaume-Uni

Der Markt für Bio-Lebensmittel in Großbritannien

The European Commission (EC) unveiled in March 2021 the Action Plan for the development of the organic sector: on the way to 2030 (EC, 2021), which stands at the centre of the EC's policy agenda towards a sustainable and climate-neutral Europe. It comprises three axes: (1) organic food/products for all: stimulate demand - ensure consumer trust; (2) on the way to 2030: stimulating conversion and reinforcing the entire value chain; and (3) improving the contribution of organic farming to sustainability. The EC plan has given rise to concerns by the Organic Farmers and Growers association that the UK plans for the sector lack foresight and real ambition (*FarmBusiness*, 2021).

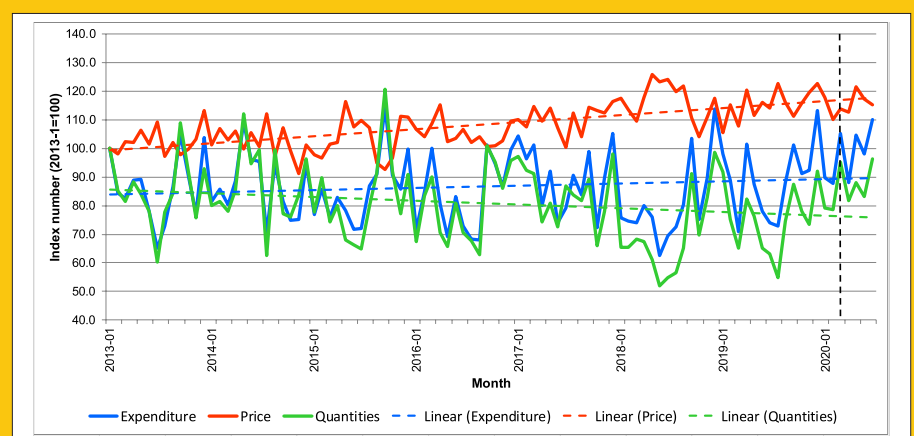
Figure 1 compares the UK organic food market (in per capita terms) with selected European countries. In contrast with the other countries, the UK shows sales that are flat; this contradicts the view that the UK organic food and drink domestic market is flourishing (UK Parliament, 2021).

Figure 1: Per capita organic food sales in selected European countries 2005–2019



Source: Organic Data Network and United Nations Department of Economics and Social Affairs.

Figure 2: United Kingdom – Expenditure, price and quantity indices for all organic meats 2013–2020



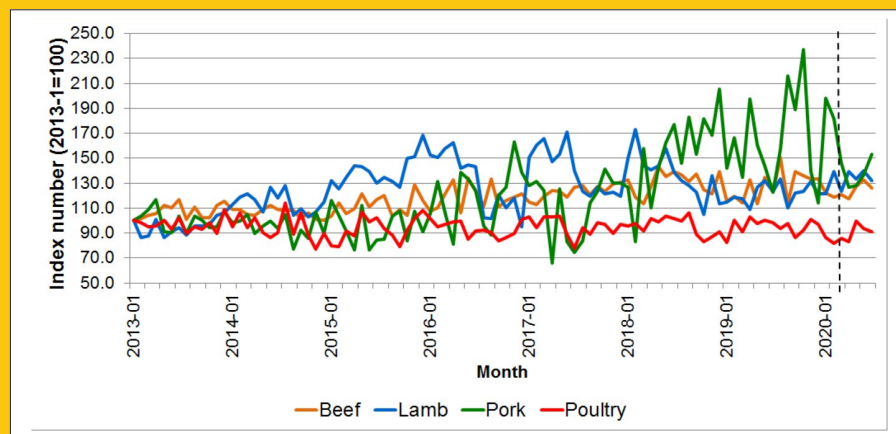
Note: The vertical dotted line represents the start of the pandemic lockdown in March 2020.
Source: Author, based on Kantar Worldpanel data.

This article focuses on the UK organic meat sector. Figure 2 presents aggregated expenditure, price and quantity indices for all organic meats. It reveals a slow increase in expenditure (blue dotted line) accompanied by a more substantive trend increase in prices (red dotted line - with 2 per cent average monthly annualised growth rate for the entire period); and a decreasing trend in quantities of -1.43 per cent average monthly annualised growth rate for the entire period (green dotted line). Thus, the slight increase in expenditure has been due to higher prices, rather than to higher quantities consumed.

Figures 3 and 4 disaggregate Figure 2 by meat type. Figure 3 shows increasing trends for the prices of meats with the average monthly annualised growth rates for the entire period of 3.3 per cent for beef and lamb, 8.8 per cent for pork, while poultry (chicken and turkey) grew only by 0.4 per cent.

Figure 4 shows, as can be expected, that quantities purchased moved in the opposite direction to their prices, with average monthly annualised rates of -10.5 per cent for beef, -14.2 per cent for lamb -4.1 per cent for pork but increasing by 6.9 per cent for poultry, where the prices have been relatively constant. Overall, the evidence shows that all organic meat demand, as for most of food and drink demand, are price and income sensitive.

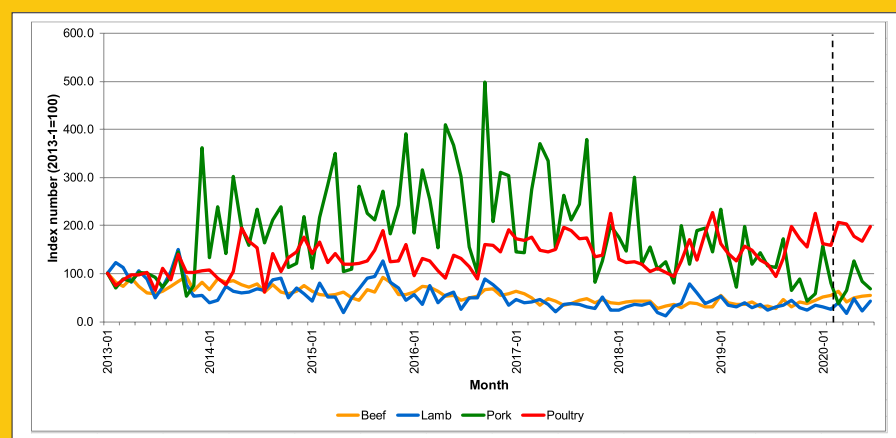
Figure 3: United Kingdom - Price indices of organic meat by meat type



Source: Author, based on Kantar Worldpanel data.

Note: The vertical dotted line represents the start of the pandemic lockdown in March 2020.

Figure 4: United Kingdom - Quantity indices by organic meat type



Source: Author, based on Kantar Worldpanel data.

Note: The vertical dotted line represents the start of the pandemic lockdown in March 2020.

In the post Brexit period, the UK is not 'bound' by the EC Organic Action Plan. In contrast, with the supply-chain-oriented plan of the EC, the UK plan focuses on expanding organic exports, whilst reducing the claimed administrative burden inherited from the EU regime (UK Parliament, 2021). Given the

evolution of the UK sector, some of the EC planned measures could also be applied to the UK, e.g. fostering the domestic demand for organic products. This is possible as the UK Government announced plans to consult with organic producers and industry bodies on how to boost the sector.

Further Reading

- European Commission (EC) (2021). *Organic Action Plan* (EC: Brussels). Available online at: https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/organic-action-plan_en
- *Farm Business* (2021). Parliament's plans for organic sector 'lack foresight and real ambition' says OF&G, 1 April. Available online at: <https://www.farmbusiness.co.uk/news/parliaments-plans-for-organic-sector-lack-foresight-and-real-ambition-says-ofg.html>
- UK Parliament (2021). Organic Farming. Question for Department for Environment, Food and Rural Affairs. Available online at: <https://questions-statements.parliament.uk/written-questions/detail/2021-03-09/165577>

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